



SYNECHRON REPORT

# HOW **MOBILE FIRST** IS TRANSFORMING THE BANKER

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## How we interact today...

When you want to know what's playing at the movie theatre, or what's the latest score of the big game, what's your first instinctive action to find out this information?

Even if they're consuming apps, video, text, or images to provide this data, what is now clear that the mobile phone has fast become the indispensable tool for our species.

Our love for information on the move has made the mobile phone an ultimate platform – be it for small tribes in Africa or for the tech savvy entrepreneurs in the Silicon Valley. Amazon knows this, Google, Facebook and WhatsApp also know this, and Uber definitely knows it. These are companies who have embraced the 'Mobile First' phenomenon, and have evolved their business model and processes to support the new de facto in commerce.

For most people, and in particular for the millennials, the most instinctive action is to use their mobile phone to access the web.

With the rise of mobile banking, in addition to tech startups, financial institutions have also begun to adapt to the change in consumer behavior. A new spate of 'Mobile First' banks like Moven and Simple have already begun to pave the way forward, and slowly the traditional giants that dominate the industry are making attempts to change and embrace the inevitable. It's not an easy task, and it takes more than a few strategy meetings to fully embrace those words, 'Mobile First'.

For many bankers, 'Mobile First' doesn't really sound like much of a discussion topic. It's already a necessity to focus on developing mobile banking with better, easier, and more features. However, 'Mobile First' is actually less involved with devices and more involved with changing the banking business model.

'Mobile First' is a huge step for consumers, but it is truly a giant step for bankers. Traditional bankers come from an extremely structured background and over the centuries have developed certain distribution models, policies and processes that have rarely been challenged by a superior alternative. The mobile phone has changed this ideal; and as its influence becomes more obvious day by day, bankers are beginning to dissolve the rule book and reinvent policies from scratch.



# / The **banker of tomorrow** is going to be more like a CEO of a technology startup /

## It's time for a new way of thinking...

The problem with banks that show a willingness to embrace 'Mobile First' is that often they face huge barriers with existing policies, processes, and legacy systems that were never in line with this type of model. Often, trying to change and migrate from existing systems and processes to a new, 'Mobile First' model is more difficult than merely beginning a 'greenfield project' and building towards a new bank altogether.

If you could create a new bank on a limited budget, you are more likely to get 'Mobile First' right. The reason for this is that all initial thinking in creating this new bank would be aligned towards optimizing and ensuring that the user experience is efficient through the mobile phone.

The strategies for the Product Development and Sales team need to transform as the 'Mobile First' generation will flourish on a whole new level of automation that will render many jobs obsolete (in the retail banking industry). In essence, the banker of tomorrow is going to be more like a CEO of a technology startup, with rich awareness of what technology can do, and how it can be used to build the best customer experiences. The 'Mobile First' revolution has truly arrived, and with it the transformation of banking starts.

Understanding the 'Mobile First' opportunity can yield great dividends for businesses, and the devil is in the detail. If we look at recent research regarding consumer trends, we can see that mobile phones are generally quite close to us throughout the day, and if we lose them then we are aware of this before any other valuable we possess, including our credit cards! Between 7am and 10am our mobile is the most utilized device, and we are more likely to make an impulse purchase using our mobile device than our PC at work. This is because the opportunities for contextual data, and an eclectic environment are significantly higher with a smartphone.



## Focus is shifting towards making the customer happy

## Empower the user...

Over the last few years, we have seen both tablets and smartphones, significantly increase their share of internet traffic and the smartphones in particular, show no signs of cooling down. In contrast, eCommerce sales had their first decline in more than 13 years, whilst mCommerce conversion rates have been at their highest. In fact, we now see that smartphones drive a higher share of mCommerce dollars than tablets, with more than 63% accounted to the devices.

As we are putting such data in context for financial institutions, it is now thought that loan conversion rates and a reduction of dropped leads can be improved by as much as 50% if the end to end process is custom built for a mobile phone. This should have relevant compliance and requested input fields, and an optimized UX that facilitates 'true' mobile on-boarding. Getting this wrong however, can be costly. In a 2014 McKinsey report, it was suggested that the leakage rate at banks could be as high as 85% from the point where a customer starts their interaction on the web and attempts to apply online, to successfully completing the process.

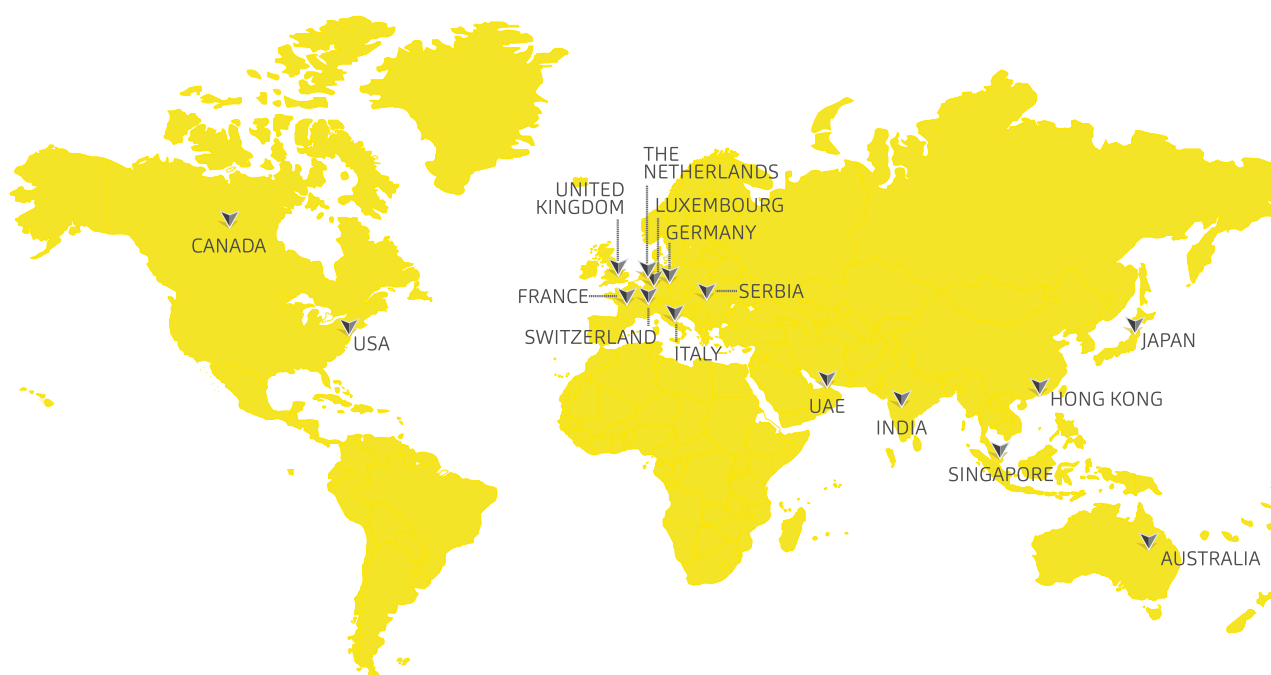
Every element of the customer experience has changed, and all the processes as well as people skills required to make it happen are disrupting the banker's mindset. In a 'Mobile First' organization, the primary responsibility of programmers, data scientists, and UX designers is to make the customer happy. A smoother process will result in the customer perceiving you as a better service provider. Forget sales incentives and commissions, and how close the nearest branch is. Think less 'clicks', 'swipes', or 'screen taps', and think of more beautiful graphic interfaces.

Banking hierarchies today are being challenged, and the banking experience is becoming less about how things are done. What was once an 'alternative channel' is now the 'primary channel'. A number of global banks have gone so far as to say that when they hire talent for developing their digital transformation, they do not want people with banking experience, but rather those who have worked in a 'Mobile First' industry and can bring much of the culture and mindset of the technology companies to the banking industry.



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## SYNECHRON'S GLOBAL FOOTPRINT



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